

AMENDED IN SENATE JUNE 12, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1472**

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**Introduced by Committee on Budget (Skinner (Chair), Bloom, Campos, Chesbro, Dababneh, Daly, Dickinson, Gordon, Jones-Sawyer, Mullin, Muratsuchi, Nazarian, Rodriguez, Stone, Ting, and Weber)**

January 9, 2014

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*An act relating to the Budget Act of 2014. An act to amend Section 12975.9 of the Insurance Code, relating to property insurance, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1472, as amended, Committee on Budget. ~~Budget Act of 2014.~~  
*Property insurance: Seismic Safety Account.*

*Existing law created the Seismic Safety Account as a special account within the Insurance Fund with the funds to be distributed, upon appropriation, to the Alfred E. Alquist Seismic Safety Commission for the support of the commission and to the Department of Insurance for the actual administrative costs incurred in collecting the assessments. In order to fund the account, an assessment, as specified, is imposed on each person who owns real property, commercial or residential, that is covered by a property insurance policy.*

*This bill would extend that assessment to each person who rents or leases real property, commercial or residential, that is covered by a property insurance policy.*

*This bill would declare that it is to take effect immediately as an urgency statute.*

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2014.~~

Vote: ~~majority~~<sup>2/3</sup>. Appropriation: no. Fiscal committee: ~~no~~<sup>yes</sup>. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 12975.9 of the Insurance Code is amended  
2     to read:

3     12975.9. (a) The Seismic Safety Account is hereby created as  
4     a special account within the Insurance Fund. Moneys in the account  
5     are available, upon appropriation by the Legislature, for the  
6     purposes of this section to fund the department and the Alfred E.  
7     Alquist Seismic Safety Commission.

8     (b) There is hereby imposed an assessment on each person who  
9     owns, rents, or leases real property, commercial or residential,  
10    that is insured by a property insurance policy. The department  
11    shall calculate the annual assessment to be charged to each  
12    commercial and residential earned property exposure. The  
13    assessment shall be set annually every August 1, beginning August  
14    1, 2014, for all commercial and residential earned property  
15    exposures reported during the previous calendar year. The annual  
16    assessment shall be set at fifteen cents (\$0.15) per earned property  
17    exposure for the first three years of the implementation of this  
18    section. Each year thereafter, the annual assessment shall be based  
19    upon the number of earned property exposures from both  
20    commercial and residential insurance policies, the amount required  
21    for the support of the Alfred E. Alquist Seismic Safety  
22    Commission, the actual collection and administrative costs of the  
23    department, and the maintenance of an adequate reserve, but shall  
24    not exceed fifteen cents (\$0.15) per earned property exposure.

25    (c) The insurer, upon receipt of an invoice from the department,  
26    shall transmit payment to the department for deposit into the  
27    Seismic Safety Account. The insurer shall recover the assessment  
28    from the insured, unless the insurer elects to pay the assessment  
29    on the insured's behalf. The insurer may provide a description of  
30    the assessment to the insured as part of its billing statement. Any  
31    deficiency or excess in the amount collected in relation to the  
32    appropriation authority for the commission and the department  
33    shall be accounted for in the subsequent annual fee calculation.

1 Any balance remaining in the Seismic Safety Account at the end  
2 of each fiscal year shall be retained in the account and carried  
3 forward to the next fiscal year.

4 (d) Funds in the Seismic Safety Account shall be distributed,  
5 upon appropriation by the Legislature, to the Alfred E. Alquist  
6 Seismic Safety Commission for the support of the commission  
7 and to the department for the actual administrative costs incurred  
8 in collecting the assessments.

9 (e) Any assessment collected from an insured that has not been  
10 remitted to the department shall be a debt owed to the state by the  
11 insurer. This part does not impose any obligation upon an insurer  
12 to take any legal action to enforce the collection of the assessment  
13 imposed by this section.

14 (f) Payment of the assessment shall be considered delinquent  
15 if not paid within 45 days of the invoice date. The department is  
16 authorized to charge a late fee of 1.5 percent per month of the  
17 balance due, compounded monthly, for any amount not paid within  
18 this period in accordance with Section 12995.

19 (g) (1) Notwithstanding Section 10231.5 of the Government  
20 Code, the department shall report by December 1 of each year,  
21 beginning on December 1, 2014, to the Legislature, the Alfred E.  
22 Alquist Seismic Safety Commission, and the Department of  
23 Finance on the assessment calculation methodology employed.

24 (2) A report to be submitted to the Legislature pursuant to this  
25 subdivision shall be submitted in compliance with Section 9795  
26 of the Government Code.

27 *SEC. 2. This act is an urgency statute necessary for the*  
28 *immediate preservation of the public peace, health, or safety within*  
29 *the meaning of Article IV of the Constitution and shall go into*  
30 *immediate effect. The facts constituting the necessity are:*

31 *In order to protect the public from the continuing threat of loss*  
32 *of life and property damage due to earthquakes, it is necessary*  
33 *that this act take effect immediately.*

34 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~  
35 ~~changes relating to the Budget Act of 2014.~~